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FIRST COUNTRY COOPERATION FRAMEWORK FOR ANGUILLA (1997-1999)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Anguilla (1997-1999) is the result of extensive consultations between UNDP, the Government of Anguilla and key development partners in the United Nations system and the donor community. The CCF is based upon national development objectives, priorities and strategies and key policy statements elaborated in the Government's overall and sectoral development objectives and action programmes (1994-1996) and in the medium-term economic strategy paper (1996-1998). The conclusions and recommendations of the mid-term review of the UNDP second country programme (1992-1996), held in October 1995, and the findings and recommendations of sectoral studies and macroeconomic reviews of key regional institutions including the Caribbean Development Bank (CDB) and the Eastern Caribbean Central Bank (ECCB), provided useful background information for the CCF formulation.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Anguilla is a dependent territory of the United Kingdom which has established itself as an exclusive tourist destination in the region. With an area of 91 sq km and a population of only 10,200, it shares with other eastern Caribbean countries the constraints and vulnerabilities imposed by small size, a narrow resource base and extreme dependence on external trade. Its relatively high gross national product (GDP) per capita of US$ 7,289 masks problems of poor institutional capacity, vulnerability to natural disasters, the high cost of infrastructural development, a limited human resource base and the constraints imposed by the country's size and a small dispersed population. The present trend towards liberalization and globalization of the world economy, at a time of reduced concessionary aid flows to the region, poses significant challenges for small externally oriented economies such as Anguilla, which have in the past, benefited from generous aid flows and preferential trading arrangements. These constraints make the attainment of economic self-reliance difficult.

3. The leading sectors of the economy are tourism, construction and government services which account for 64.1 per cent of GDP. Tourism accounts for more than 30 per cent of GDP on an annual basis. As a result of the rapid expansion of tourism, during the 1980s, the economy generated annual double-digit growth rates of 10 per cent and above. The GDP in constant prices increased at about 12 per cent annually over the period 1985-1990 and averaged 8 per cent per annum between 1987 and 1994, with growth in tourism alone averaging 8.1 per cent over the same period. Growth in the tourism sector has declined in recent years. Low occupancy rates continue to be a problem, especially in small hotels and guest houses. Poor management and the absence of resources for marketing strategies effectively are among some of the factors contributing to this trend.

4. Poverty eradication. Anguilla has made considerable progress in the domain of sustainable human development (SHD) over the years. Based on its social indicators, it compares favourably with countries of the region within the medium human development index (HDI). Child mortality rate is low, life expectancy is 75 years, adult literacy is at 95 per cent and unemployment is

negligible. Approximately 25 per cent of the 4,000 indigenous labour force is employed in tourism, 16 per cent in the civil service, 10 per cent in part-time agriculture, and 5 per cent on income support. The remaining 44 per cent are engaged in other private sector activities, including micro-enterprises. There is no gender disaggregated data for the private sector labour market, but women are well represented in the civil service and the tourist industry.

5. No comprehensive assessment of the poverty situation has been undertaken in Anguilla. However, based on Social Welfare Department records, approximately 5 per cent of the population is on social welfare. Mental and alcohol-related illnesses are on the increase and this trend is having a negative impact on the well-being of women, children and the elderly. An in-depth survey, with the cooperation of UNDP, of the poverty situation will help the Government determine the extent and dimensions of the poverty situation in the country.

6. Environment. The Government has been consistent in its commitment to sound management and preservation of the environment. In 1993, the Anguilla National Trust was established to oversee environment management and cultural and historic preservation. Environmental considerations have been incorporated into major tourism policy statements, with each emphasizing the need to control the pace of development in the sector. Despite these initiatives, the country has experienced the adverse impact of both tourism and non-tourism-related activities. Coastal erosion and damage to pristine areas and archaeological sites have resulted from land clearing, mining and construction activities. There is an increasing risk of groundwater pollution from domestic and hotel effluents. The destruction of coastal mangroves and wetlands has led to loss of wildlife habitats. Another area of environmental concern is disaster mitigation/management in view of the fact that the island lies in the hurricane belt. In 1996, two hurricanes struck the island and caused severe damage to the coastal zone which supports the tourism industry.

7. Government strategy. The Government's medium-term economic strategy paper (1996-1998) has identified the following priorities: (a) expansion of the tourism sector, economic growth and the generation of employment; (b) economic diversification into new sectors, especially the offshore financial services sector; and (c) sustainable management of the physical environment. Tourism development and economic diversification are considered top priorities, and efforts to develop the offshore financial sector are under way. To this end, company and trust laws have been updated; and the immigration laws have been reviewed to facilitate the importation of skills that will be required to service this sector. The country suffers from a shortage of well-educated and trained professional and technical national personnel.

8. The Government recognizes that Anguilla will continue to rely on skills and expertise from outside the country in the foreseeable future. One of the major challenges for Anguilla in the area of SHD is how to address the lack of skilled human resources. The Government's present human resources development strategy envisages: (a) the creation of a cadre of professional and technical personnel to replace foreign labour; (b) the creation of an efficient public service; and (c) encouraging small-business development for Anguillans to participate in the business opportunities that are being created. The Government is also concentrating on establishing a policy framework for promoting partnerships and

strengthening the private sector role in the economic and social development of the country.

II. RESULTS AND LESSONS OF PAST COOPERATION

9. The second country programme for Anguilla (1992-1996) focused on: (a) environmental and natural resource management to develop integrated policies for physical infrastructure improvements and preservation of the natural environment; (b) human resource development through the reform of the education and training system; and (c) the reform of the public sector to ensure efficient execution of core functions, in particular the management and development of the Public Sector Investment Programme (PSIP). The mid-term review acknowledged that the second country programme had made a positive contribution to the country's development priorities as it focused on initiatives of strategic importance to the Government's overall plans.

10. The environmental management component had the greatest impact as it facilitated the development of the land use and physical plans and the legislative framework for their execution. Through the global environment facility's Small Grants Programme, UNDP support was also instrumental in bringing about a high level of awareness of the country's fragile environment and the need for sustainable management practices at the household/community level, as most of the land is privately owned. The human resources component was successful in establishing a permanent teachers' training capacity and in facilitating the achievement of the overall development objectives and implementation of the sectoral development programmes during the first phase of the PSIP (1993-1997).

11. The major lesson learned during the implementation of the previous country programme is that the Government needs to provide counterpart staff throughout the life of the projects. Because of the small size of the public service and the shortage of skilled professional staff, UNDP projects were not always provided with adequate counterpart staff to ensure sustainability. To counteract this and strengthen national ownership of future programmes, UNDP will utilize the programme approach and will undertake to strengthen government-capacity in the use of the national execution modality.

III. PROPOSED STRATEGY AND THEMATIC AREAS

12. Given the complexities of the challenges ahead, continued support from Anguilla's development partners in the short and medium term would seem necessary to permit the country to maintain the momentum and sustain the economic and social gains that have been achieved to date. UNDP technical cooperation programme with the Government of Anguilla during the next few years should therefore be seen within this broad context.

13. In the light of the low level of resources and Anguilla's net contributor country (NCC) status, UNDP will focus on building strategic alliances with other development partners in order to mobilize additional resources for the programme.

14. The programmes proposed under the CCF will have strong linkages with and will augment initiatives that will be undertaken at the regional and subregional levels by UNDP and other donors. The regional cooperation framework for Latin America and the Caribbean's thematic areas of focus encompass governance, social development and poverty eradication, trade and integration, and science and technology. It is envisaged that some of the projects that will be undertaken will be relevant to the activities proposed for Anguilla. Similarly, Anguilla will also benefit from subregional initiatives that will be undertaken under the multi-island programme.

15. Based on the Government's development priorities and experience gained in the last cycle, UNDP will concentrate on two areas: (a) human resources development; and (b) environmental management. Human resources development initiatives will focus heavily on the development of the education sector and the development of public sector capacity to facilitate efforts in streamlining and improving efficiency in the public sector. Activities under environmental management will build upon the outputs of initiatives undertaken during the last cycle.

A. Capacity-building - Human resources development

16. The current skilled manpower shortages are attributable to past and current weaknesses in the educational system at all levels. Education and training programmes will be crucial to the continued and orderly expansion of the economy. The education system at the primary level is faced with a high rate of turnover of trained teachers, despite the establishment of a teacher training institute. School infrastructure requires upgrading at all levels and mechanisms need to be put into place to address weaknesses in mathematics and science and, in standardization and accreditation. The Government has requested assistance from UNDP to reform the educational system to enable it to meet the present and future development needs of the country and to train technical and professional personnel in all sectors, including environment planning and management.

17. While the long-term goal of the Government's human resource development strategy is to enable Anguillans to fulfil their potential and to enhance the economic and social development of the country, the short- and medium-term objectives are to give first priority to the improvement of primary education; strengthen secondary education; improve technical, vocational and adult education; teacher training and curriculum development and improvement of the management and infrastructure of the education sector.

18. The overall objective of the human resource development programme is to address the present weaknesses in the education sector through support to the upgrading and reorganization of the system and the provision of training programmes in every sector of the economy.

19. Activities involving UNDP cooperation with the education sector reform will focus on the development of strategies and programmes, further teacher training, development of teaching aids, and the development of a school health policy for the care and protection of school-aged children. Activities in this area will

be closely linked to the ongoing Organization of Eastern Caribbean States (OECS) comprehensive education reform programme supported by the Canadian International Development Agency (CIDA), and will seek to strengthen national capacity to implement the reform programme's recommendations. UNDP activities will also complement the regional health and family life education programme which is being spearheaded by United Nations Children's Fund and Pan-American Health Organization.

20. Within the public service sector, the Government is seeking to balance future development needs against the supply of scarce public sector management skills. One of the objectives of the civil service reform programme now under way is to narrow the scope of the public sector and streamline the functions of the public sector vis-à-vis the role of the private sector, strengthen and upgrade public sector management skills and improve overall efficiency in the delivery of services. UNDP will seek to collaborate with the British Development Division (BDD) which is providing a significant level of technical assistance towards the Government's public sector reform programme and is currently supporting a management and staff audit for clear indications of future human resource requirements and the training needs to correct existing skills and knowledge gaps. UNDP activities will be limited to direct support and training of staff in key ministries that will be critical to the success of the public sector reform initiative.

21. At the end of the CCF period it is expected that the Government will have: (a) a comprehensive education sector development action plan under implementation; (b) a training action plan for the civil service in line with national development objectives; and (c) a core of trained staff and improved performance in key ministries of the Government.

B. Environmental management

22. The major challenge for Anguilla is to establish and maintain a balance between the need to preserve the environment and natural resources and accelerate economic growth in a sustainable manner. Under the environmental management programme, UNDP will build upon the achievements of the last country programme. Emphasis will be placed on facilitating implementation of the land use and physical plans and legislative frameworks that were developed with UNDP support, and ensuring that there is broad-based support for sustainable development. During the previous country programme, UNDP cooperation resulted in the development of a comprehensive planning and legislative framework for the management of the environment and natural resources. However, in 1996, hurricanes Marilyn and Luis caused extensive damage to the coastal and marine resources. The objective of this component, therefore, is to further contribute to the proper management and protection of the environment by: (a) revising the coastal natural resources atlas to reflect changes caused by the hurricane activity; and (b) supporting the Government with measures to implement and facilitate the application of the plan. To supplement the efforts at the national level that incorporate environmental education in the schools' curricula, community level environment education programmes will be facilitated through the global environment facility's Small Grants Programme that will be

undertaking community-based natural resource management projects through local non-governmental organizations (NGOs).

23. At the end of the CCF period, a revised national physical development plan will be available which incorporates the updated coastal atlas. In addition, a component of the plan, a pre-feasibility study for the establishment of a sewage treatment plant giving clear guidelines, options and recommendations would be under implementation. NGOs and communities will have greater environmental awareness and some capacity to manage their natural resources.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation

24. National execution will be used in conjunction with United Nations specialized agency execution where necessary. Collaboration with UNICEF, United Nations Centre for Human Settlements, PAHO/World Health Organization, International Labour Organization and United Nations Educational, Scientific and Cultural Organization is foreseen. Greater involvement of NGOs and regional institutions in execution and implementation arrangements will be sought in order to build capacity and enhance national ownership of the programme. The UNV specialists and technical cooperation among developing countries modalities will be employed in implementing the programme in order to foster intra-regional exchanges and South-South cooperation.

B. Monitoring, review and reporting

25. The CCF will be subject to a triennial review, and standard project reviews and evaluation, where necessary, will be undertaken in collaboration with all stakeholders. Project steering committees will be established wherever possible, which would meet every quarter in order to monitor internal consistency, provide technical oversight and review implementation progress. Programmes involving broad partnerships will be monitored through programme management committees. UNDP will cooperate in the establishment of appropriate benchmarks for ongoing evaluation and monitoring of the CCF. Collaboration with OESP in developing evaluation and monitoring instruments at programme and project levels will be sought.

C. Resource mobilization

26. Anguilla attained NCC status at the beginning of the CCF and this excludes it from some of UNDP global funding windows. Furthermore, budgetary support from the Government of the United Kingdom will be phased out at the end of 1997. The CCF resources are extremely limited and can only permit the pursuance of the more critical components of the programme. Additional funding will therefore be sought from other development partners in the United Nations system and the donor community. The Government and UNDP will explore the utilization of the regional programme resources and other small grants to augment the CCF resources in areas of direct relevance to the CCF programmes. It is envisaged that

project profiles and briefs will be prepared by the Government of Anguilla which, with the cooperation of UNDP, will be presented to other donors and the private sector in round tables or other consultative mechanisms organized by the Resident Coordinator. As a means of strengthening the Government's capacity in the management of public sector programmes, UNDP will seek to mobilize resources through providing assistance to the Government in the management of technical cooperation programmes as needed.

27. In addition, UNDP resource mobilization strategy will also consist of the following elements: (a) collaboration with the Government in the preparation of sound proposals that will attract third-party cost-sharing; (b) identification of opportunities for accessing UNDP-administered funds; and (c) working closely with the Government to coordinate other donor inputs at the outset of the CCF, and to encouraging joint programming with other partners, especially United Nations agencies.

28. The resource mobilization target table shown in the annex reflects the total core and non-core resources that are expected to be available to support the UNDP programme from 1997 through 1999.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR ANGUILLA (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(38)	
TRAC 1.1.1	147	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	-	
Subtotal	109[a]	
NON-CORE FUNDS		
Government cost-sharing	200	
Sustainable development funds	35	GEF
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	235	
TOTAL	344[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = global environment facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.